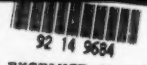

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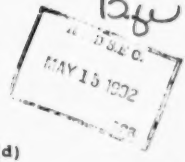
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549



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FORM 10-Q

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Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For quarter Ended March 31, 1992

Commission File Number 0-13788

N92-2237

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RHNB CORPORATION

(Exact name of registrant as specified in its charter)

South Carolina	57-0740434
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

222 East Main Street
Rock Hill, South Carolina 29730
(Address of principal executive offices, including zip code)

(803) 324-4444
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

YES __X__ NO _____

The number of shares outstanding of each of registrant's classes of common stock as of March 31, 1992:

2,338,020 shares of common stock, $2.50 par value

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PART I
ITEM I - FINANCIAL STATEMENTS

RHNB CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 1992 AND DECEMBER 31, 1991

	March 31, 1992	December 31, 1991
ASSETS:		
Cash and due from banks (non-interest bearing)	$15,501,329	$17,474,031
Federal funds sold	8,050,000	8,065,000
Securities purchased under agreements to resell	12,500,000	12,300,000
Total cash and cash equivalents	34,051,329	37,839,031
Interest-bearing accounts with banks	2,094,260	2,004,353
Investment securities		
U.S. Treasury	7,002,302	10,906,377
U.S. Government agencies and mortgage-backed securities	31,966,152	35,815,945
Securities held for sale -- state, county and municipal bonds	9,593,250	13,825,044
Total investment securities	48,561,704	59,947,366
(market value: 1992, $48,778,695; 1991, $62,476,335)		
Federal Reserve Bank stock	386,450	485,450
Loans	168,418,106	177,179,009
Less unearned income	(2,616,905)	(3,224,481)
Less allowance for loan losses	(7,536,590)	(7,705,353)
Net loans	156,264,611	166,249,175
Loans and leases held for sale	3,517,709	0
Bank premises, furniture and equipment (net)	2,789,839	4,381,757
Accrued interest receivable	1,700,736	2,210,423
Intangible assets	126,142	557,783
Other real estate owned and repossessed personal property	8,445,300	7,533,891
Other assets	1,936,542	1,998,453
Total assets	$257,878,424	$283,178,682
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Demand deposits	$28,750,441	$35,130,225
Savings and NOW deposits	84,051,539	80,619,987
Time deposits of $100,000 or more	21,545,190	31,030,549
Other time deposits	75,622,653	87,993,343
Total deposits	209,969,823	234,774,104
Securities sold under agreements to repurchase and Federal funds purchased	22,689,212	22,749,051
U.S. Treasury demand notes	1,010,724	1,200,000
Convertible subordinated debentures	8,000,000	8,000,000
Notes payable	4,300,000	3,869,000
Obligation under capital leases	863,650	872,965
Accrued interest on savings and time deposits	935,123	1,442,146
Other accrued expenses and liabilities	1,104,186	1,603,564
Total liabilities	246,872,717	272,530,830
Shareholders' equity:		
Common stock *($2.50 par value; Shares authorized, 5,000,000; outstanding 1992, 2,338,020; 1991, 2,331,167)*	5,845,050	5,827,917
Surplus	7,589,883	7,575,912
Retained deficit	(2,429,226)	(2,755,977)
Total shareholders' equity	11,005,707	10,647,852
Total liabilities and shareholders' equity	$257,878,424	$283,178,682

See notes to consolidated financial statements.

RHNB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	Three Months Ended	
	1992	*1991*
INTEREST INCOME:		
Loans, including fees	$4,241,523	$5,336,987
Investment securities:		
U.S. Treasury and government agencies	897,677	1,186,537
Securities held for sale	275,972	334,467
Total investment securities	1,173,649	1,521,004
Federal funds sold and other short term investments	132,667	330,061
Interest bearing accounts with banks	78,431	66,378
Total interest income	5,626,270	8,248,330
INTEREST EXPENSE:		
Time deposits of $100,000 or more	590,562	831,209
Other time and savings deposits	2,114,217	3,139,412
Federal funds purchased and securities sold under repurchase agreements	154,510	482,366
U.S. Treasury demand notes	9,879	49,493
Convertible subordinated debentures	128,750	128,750
Other	96,087	144,440
Total interest expense	2,920,945	4,770,692
Net interest income	2,705,325	3,477,638
Provision for loan losses	484,000	489,714
Net interest income after provision for loan losses	2,221,325	2,987,924
OTHER INCOME:		
Service charges on deposit accounts	466,972	496,732
Other service and exchange charges	48,126	45,000
Gain on the sale of securities	330,551	0
Other operating income	444,202	279,564
Total other income	1,309,851	819,396
OTHER EXPENSES:		
Salaries, wages and employee benefits	1,496,077	1,672,788
Occupancy expense	268,253	303,466
Furniture and equipment expense	233,850	276,715
Other operating expense	1,127,455	1,009,654
Total other expense	3,144,435	3,182,626
Income before income taxes	386,751	643,687
Provision for income taxes	60,000	121,000
Net income	$326,751	$522,687
PER SHARE AMOUNTS:		
Primary earnings per share	$0.14	$0.22
Cash dividends per share	$0.00	$0.00

See notes to consolidated financial statements

RHNB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
Increase (decrease) in cash and cash equivalents:		
OPERATING ACTIVITIES:		
Net income (loss)	$326,751	$522,687
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Provision for loan losses	484,000	489,714
Depreciation and amortization	133,200	257,757
Premium amortization (discount accretion) on investment securities	5,977	(2,415)
(Increase) decrease in interest receivable	509,685	302,429
(Increase) decrease in other real estate owned	1,087,591	
(Increase) decrease in other assets	52,911	(3,886,364)
Increase (decrease) in interest payable	(507,024)	(515,929)
Increase (decrease) in other accrued liabilities	(499,378)	(200,783)
Net cash provided by operating activities	1,593,713	(3,032,904)
INVESTING ACTIVITIES:		
Proceeds from sales of investment securities	7,828,162	0
Proceeds from maturities of investment securities	5,055,000	9,756,686
Purchase of investment securities	(1,497,500)	(3,492,812)
Net (increase) decrease in certificates of deposit of other banks	(89,907)	12,000
Net (increase) decrease in Federal Reserve Bank stock	76,000	0
Net (increase) decrease in loans	6,408,519	7,134,273
Proceeds from sale of fixed assets	1,504,963	
Purchase of premises and equipment	(46,045)	(132,657)
Net cash used in investment activities	19,239,192	13,277,490
FINANCING ACTIVITIES:		
Net increase (decrease) in demand, NOW, and savings accounts	(2,948,232)	(6,461,628)
Net increase (decrease) in certificates of deposit	(21,856,049)	4,686,287
Net increase (decrease) in short-term borrowings	(249,115)	2,101,146
Net increase (decrease) in notes payable and commercial paper	411,000	0
Decrease in obligation under capital leases	(9,315)	(8,336)
Cash dividends paid	0	0
Sale of stock via employee stock purchase plan	26,109	33,236
Issuances of common stock via dividend reinvestment	4,995	4,509
Net cash provided by financing activities	(24,620,607)	355,212
INCREASE IN CASH AND CASH EQUIVALENTS	(3,787,702)	10,599,798
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	37,839,031	24,939,291
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$34,051,329	$35,539,089

RHNB CORPORATION AND SUBSIDIARY

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

A. **Basis of Presentation**

The interim consolidated financial statements include the accounts of RHNB Corporation (the "Company") and its wholly owned subsidiaries, Rock Hill National Bank and Sterling Commercial Corporation (hereinafter "RHNB-SC" and "Sterling", respectively).

In the opinion of management, the accompanying interim consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial position of RHNB Corporation and subsidiaries, the results of their operations and their cash flows for the three months ended March 31, 1992 and 1991.

Assets designated as "held for sale" include the Company's municipal investment portfolio which is currently being liquidated. Also, loans and leases held for sale represent Sterling Commercial Corporation's loan and lease assets which are also being liquidated. Both of these groups of assets are presented at the lower of their fair market value or current book value.

The accounting policies followed are set forth in note "1" to the Company's 1991 annual report to shareholders.

The results of operations for the period ended March 31, 1992 are not necessarily indicative of the results expected for the full year.

B. **Fully Diluted Earnings Per Share**

Per share data does not include presentation of fully diluted earnings per share due to the antidilutive nature of this calculation at March 31, 1992.

C. **Shareholders' Equity**

During the three months ended March 31, 1992, minor issuances of stock were made pursuant to the Company's dividend reinvestment and employee stock purchase plans. Shares issued under these plans during the first three months of 199. totaled 6,853. These issuances generated $31,104 in additional capital.

D. **Sale of Certain Assets and Liabilities and Subsequent Dissolution of RHNB National Bank of North Carolina**

The sale of certain assets and liabilities and the subsequent dissolution of the Company's former North Carolina banking subsidiary was consummated on March 30, 1992. The net impact of this transaction on operations is discussed in "Management's Discussion and Analysis".

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

On March 30, 1992, the divestiture of RHNB National Bank of North Carolina was consummated. The impact of this transaction on first quarter operations totaled approximately $80,000. This gain reduced RHNB National Bank of North Carolina's loss on operations for the quarter to approximately $3,000.

In addition to this transaction, liquidation of Sterling Commercial Corporation proceeded during the first quarter of 1992. Final liquidation of this subsidiary is anticipated in the second or third quarter of 1992. Remaining assets and liabilities of Sterling will be absorbed by the parent company upon final liquidation. As a result of the impending liquidation of the subsidiary, the consolidated financial statements reflect Sterling Commercial Corporation's loans and leases as "held for sale". In so recording the Company's investment in Sterling, a valuation allowance totaling $500,000 has been established to provide for possible losses which may be experienced upon total liquidation of the subsidiary. The total asset value represented by Sterling is shown net of the established valuation allowance.

The Company continues to focus on the liquidation and work out of problem credits. During the first quarter of 1992, classified credits were reduced by approximately 16.5%. Additional resources, particularly in the form of personnel have been allocated to the correction of credit deficiencies. It is therefore anticipated that classified credit totals will continue to decline in a relatively rapid manner over the next one to two quarters.

In addition to the emphasis being placed upon correction of credit documentation deficiencies and working out of problem credits, a key focal issue remains the liquidation of foreclosed properties. During the first quarter of 1992, the Company liquidated over $1,000,000 of foreclosed or repossessed property. However, at March 31, 1992 the Company had nearly $6.5 million of foreclosed properties or assets classified as in-substance foreclosures. This total, coupled with non-accruing loans, amounts to approximately $12.1 million in non-earning assets. The Company is constantly striving to convert these assets back to an earning status as rapidly as possible. When this can be accomplished, it will have a material beneficial impact on the Company's earnings.

As noted above, improvement in the quality of the Company's loan portfolio was experienced during the first quarter in the form of reduced classified loans totals. Additionally, analyses of the adequacy of the Company's allowance for loan losses indicated that

current allowance levels were sufficient for possible loan losses. During the first quarter of 1992 the Company's net loan charge offs totaled approximately $1.17 million. Of this total, approximately 42% or $500,000 represents a charge down of the credit extended by Rock Hill National Bank to Sterling Commercial Corporation.

The decline in the Company's total assets experienced during most of 1991 slowed during the first quarter of 1992. This decline, resulting principally from sluggish loan demand, low deposit rates and the Company's emphasis on improved asset quality, reduced total assets to approximately $283 million at December 31, 1991. The $25 million reduction in assets experienced in the first quarter of 1992 resulted principally from the divestiture of RHNB National Bank of North Carolina. Excluding this transaction, total corporate assets declined approximately two percent. As it is management's intent to begin to rebuild the Company's asset base, targets for quality asset growth have been established through the end of the current fiscal year. As the Company begins to rebuild its asset base and as these growth goals are achieved, increased volumes should result in an enhanced earnings profile for the Company.

Results of Operations
For the Quarters Ended March 31, 1992 and 1991

The Company recorded net income of $326,751 or $0.14 per share during the first quarter of 1992 as compared with $522,687 or $0.22 per share for the same period in 1991. Approximately $330,000 of security gains were recorded in the first quarter of 1992. Net operating losses generated in 1990 and 1991 created net operating loss carryforwards which the Company has available to reduce future tax liability. As a result, much of the benefit of the Company's tax-exempt security holdings has been foregone. Therefore, management determined to liquidate the Company's tax-exempt investment portfolio. The liquidation of a portion of these securities generated the above noted gain on sale of securities. The remainder of these securities have been classified as held for sale and have been recorded at the lower of cost or market for financial reporting purposes. These remaining securities will be liquidated over the next three to six months.

The Company's net interest income declined approximately 22% during the first quarter of 1992 as compared with the same period in 1991. The two principal reasons for this decline was a corresponding decrease of 21% in total assets and an increase of approximately $1.2 million in non-accruing assets. While the Company was able to maintain net interest margins, the decline in the volume of earning assets resulted in reduced interest income.

Non-interest income, as previously noted was impacted significantly by the partial liquidation of the Company's tax-exempt bond portfolio. This gain accounted for approximately two thirds of the total increase in the Company's non-interest income during the first quarter of 1992 as compared to the same period in

1991. A significant portion of the remaining increase resulted from the disposal of RHNB National Bank of North Carolina.

Most categories of non-interest expense declined in the first quarter of 1992 as compared with the same period of 1991. A few individual expense components remained at elevated levels. The primary items attributing to this include legal costs associated with the disposal of RHNB National Bank of North Carolina and loan collection efforts. These costs totaled approximately $152,000 during the first quarter of 1992 as compared with approximately $67,000 for the same period in 1991. Also, costs associated with the disposal of foreclosed property totaled approximately $109,000 in the first quarter of 1992 compared with approximately $28,000 for the corresponding period in 1991. These two expense items accounted for over 15% of the Company's non-personnel related overhead during the first quarter of 1992. Control and reduction of non-interest expense remains a high priority for the Company for the remainder of 1992.

Capital Resources

The Company and its banking subsidiary was in compliance with established risk based capital guidelines at March 31, 1992. At that time, the Company's tier I risk based capital ratio was 6.56%, tier II risk based capital ratio was 10.75% and leverage capital ratio was 4.40%. Rock Hill National Bank's ratios were 8.47%, 9.99%, and 6.29% respectively.

On March 30, 1992, the Company was able to negotiate more favorable terms with a new lender for the funding of Sterling Commercial Corporation. The terms of this extension of credit, which totaled approximately $4.3 million at March 31, 1992, call for a note maturity date of March 31, 1993. While no interim principal payments are scheduled, it is anticipated that the liquidation of Sterling Commercial Corporation will provide sufficient proceeds to liquidate the majority of this credit. Any remaining debt associated with this extension of credit will be assumed by the parent company and will be serviced through the liquidation of any remaining assets of Sterling.

Liquidity

During the first quarter of 1992, the Company's liquidity at its subsidiary banks remained at or above targeted levels. A considerable portion of this liquidity was held in the form of overnight investments. As short term yields have continued to decline and the need for such investments by the subsidiary bank has diminished, the Company has determined to shift toward higher yielding securities. These securities, while being longer in duration, still provide adequate liquidity to the bank to meet anticipated cash needs, while enhancing the Company's net interest margin.

Liquidity at the parent company level was enhanced during the first quarter of 1992 through the sale of RHNB National Bank of North Carolina's assets. Although the principal source of ongoing liquidity to the parent company, dividends from Rock Hill National Bank, has been restricted, cash and liquid assets at tne parent are considered sufficient to provide for all needs.

Part II
Other Information

Item 1. Legal Proceedings.
No events required to be disclosed under this item have occurred.

Item 2. Changes in Securities.
No events required to be disclosed under this item have occurred.

Item 3. Defaults Upon Senior Securities.
No events required to be disclosed under this item have occurred.

Item 4. Items Submitted for Shareholder Vote.
No events required to be disclosed under this item have occurred.

Item 5. Other Information.
None.

Item 6. Exhibits and Resorts on Form 8-K.
(a) Exhibits.
None.
(b) Reports on Form 8-K.
No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to the signed on its behalf by the undersigned thereunto duly authorized.

RHNB Corporation

Dated: May 13, 1992

C. John Hipp, III Acting President

Gregory L. Gibson, Sr. Vice President and Chief Financial Officer